

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
First-Class Package Service Contract 44
(MC2016-82)
Negotiated Service Agreement

Docket No. CP2016-107

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF AMENDMENT TO
FIRST-CLASS PACKAGE SERVICE CONTRACT 44

(June 4, 2018)

The Public Representative hereby provides comments pursuant to the Commission's Order Initiating this docket.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of Amendment to First-Class Package Service Contract 44.² The Postal Service filed a public version of the contract amendment. The contract amendment was also filed in its entirety as a non-public document, along with required financial data.³

The effective date of the instant contract amendment is two (2) business days following the day on which the Commission issues all necessary regulatory approvals. *Id.*, Attachment B at 5. The original contract, approved by the Commission in Order No.

¹ PRC Notice Initiating Docket No. MC2016-82/CP2016-107, May 25, 2018

² USPS Notice of Amendment to First-Class Package Service Contract 44, Filed Under Seal May 24, 2018 (Notice)

³ The Postal Service's financial model was not initially filed with its Notice, but was later provided via response to a CHIR.

3120⁴, is scheduled to expire approximately one year from the effective date of this amendment unless either party terminates the contract on 30 days' prior written notification. *Id at 6*. The instant amendment replaces Sections I.E and I.F of the original contract between the parties.

COMMENTS

The Public Representative has reviewed the instant contract, and financial model subsequently filed under seal by the Postal Service.

Requirements of 39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service's competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. As noted above, based upon a review of the financial data, the negotiated prices as amended for Contract 44 should generate sufficient revenues to cover costs during the final year of the contract and therefore meet the requirements of 39 U.S.C. § 3633(a).

The Commission also has an opportunity to review the financial results for the instant contract for compliance with 39 U.S.C. § 3633(a) each year of the contract in the Annual Compliance Determination.

⁴ PRC Order No. 3120, March 16, 2016

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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